

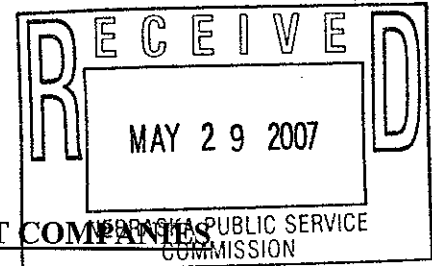
BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service
Commission, on its own motion, to make
adjustments to the universal service fund
mechanism established in NUSF-26.)

Application No. NUSF-50
Progression Order No. 3

In the Matter of the Nebraska Public Service
Commission, on its own motion, seeking to
investigate whether the zones established in
Docket No. C-2516 are appropriate in light of
NUSF-26 findings and conclusions.)

Application No. C-3554/PI-112



POST HEARING COMMENTS OF THE RURAL INDEPENDENT COMPANIES

The Rural Independent Companies (the "Companies")¹ hereby submit the following post hearing comments in the above-referenced dockets. The Companies appreciate the opportunity to submit these post hearing comments and would request that the Nebraska Public Service Commission (the "Commission") also review the Companies' comments that were previously submitted in this docket.

In addition to the previously filed comments, the Companies would like to emphasize the following points that were addressed at the hearing and suggest that an order in this proceeding should:

1. Coordinate the amount of NUSF support ported to a CLEC with the UNE rates charged to the CLEC;
2. Use the definitions in prior NUSF orders for categorizing whether a customer is located in-town or out-of-town; and
3. Recognize that all UNE rates must be TELRIC compliant.

¹ Arlington Telephone Company; The Blair Telephone Company; Cambridge Telephone Company; Clarks Telecommunications Co.; Consolidated Telephone Company; Consolidated Telco, Inc.; Consolidated Telecom, Inc.; Curtis Telephone Co.; Eastern Nebraska Telephone Company; Great Plains Communications, Inc.; Hartington Telecommunications Co., Inc.; Hershey Cooperative Telephone Company, Inc.; K&M Telephone Company, Inc.; Nebraska Central Telephone Company; Northeast Nebraska Telephone Company; Rock County Telephone Company; Stanton Telecom, Inc.; and Three River Telco.

Coordinate NUSF Support and UNE Rates

A significant issue in this docket is the matching of UNE rates with NUSF support provided by the NUSF-26 mechanism. Currently, because UNE rates for Qwest and the NUSF-26 mechanism were addressed in different proceedings, there are illogical inconsistencies between how much a Competitive Local Exchange Carrier ("CLEC") pays Qwest for an unbundled network element ("UNE") and the amount of support that is received by a CLEC.

For example, currently when a CLEC purchases a UNE loop in zone 3, Qwest is paid \$62.49 for each loop. At the same time, \$69.59 is ported from Qwest for each loop. Consequently, the CLEC is "paid" a net amount of \$7.10 before there is any revenue from any customer, Exhibit 7. The current differences in rates lead to the potential of an arbitrage scheme that does not reflect the reality of the cost of a network in the zone 3 areas.

The Companies believe it is important that any order in this proceeding recognize the relationship between UNEs and NUSF support and the Commission include this relationship in amounts that are ported from Qwest to a CLEC.

Use NUSF Orders to Define In-town and Out-of-town

The Commission received testimony from various parties regarding the methodology that should be used by the Commission in determining the location of a customer and whether that customer is located in an "in-town" or "out-of-town" support area. It is important that any "in-town" versus "out-of-town" distinction that is made in this docket mirror the same criteria that were used in the NUSF-26 model. A failure to follow the same criteria could lead to a situation where a company may pay a UNE rate

in an "out-of-town" area, but receive no NUSF support because the customer does not live in a NUSF-26 "out-of-town" area.

The NUSF-26 model provides for the following criteria to determine "in-town" and "out-of-town" areas ("NUSF-26 Locating Methodology"):

All support areas are created using 2000 census data, collected by the U.S. Bureau of the Census. Census blocks are aggregated, by "in-town" areas and "out-of-town" areas to create the support areas within each wire center and utilized by the SAM. Town areas are identified as cities, villages, or unincorporated areas with 20 or more households and densities greater than 42 households per square mile. "Out-of-town" areas are the remaining areas that have not been assigned to a town.

Order of the Commission in *In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to establish a long-term universal service funding mechanism*, NUSF-26, Progression Order No. 5, Appendix A, The Nebraska Universal Service Fund Support Allocation Methodology (SAM) Process of Determining Support, June 2004, June 29, 2004 at p. 6.

The NUSF-26 Locating Methodology should be used by the Commission in this proceeding to maintain the consistency between NUSF support and UNE pricing. Accordingly, the NUSF-26 Locating Methodology should be adopted by this Commission to determine whether a customer is located in an "in-town" or "out-of-town" area.

All UNE Rates Must be TELRIC Compliant

All of the witnesses in this proceeding that addressed the pricing of UNE rates agreed that the pricing must comply with the requirement that the cost methodology used to determine the rates be based upon a Total Element Long Run Incremental Cost ("TELRIC") methodology. The Commission should make sure that any UNE rate established by an order of this Commission is TELRIC compliant. See 47 CFR § 51.505 and § 51.511.

Conclusion

The Companies request that the Commission consider the Companies' comments filed in this proceeding and that any order issued in this proceeding specifically coordinate the porting of NUSF support to a CLEC with the UNE rate charged to that CLEC, that any methodology that determines whether a customer is located "in-town" or "out-of-town" be consistent with the June 29, 2004 Progression Order issued in NUSF-26, and that any UNE rates set by this Commission be compliant with TELRIC principles.

Dated: May 29, 2007.

Respectfully submitted,
"THE RURAL INDEPENDENT
COMPANIES":
Arlington Telephone Company
The Blair Telephone Company,
Cambridge Telephone Company,
Clarks Telecommunications Co.,
Consolidated Telephone Company,
Consolidated Telco Inc.,
Consolidated Telecom, Inc.,
Curtis Telephone Co.,
Eastern Nebraska Telephone Company,
Great Plains Communications, Inc.,
Hartington Telecommunications Co., Inc.,
Hershey Cooperative Telephone Company, Inc.
K&M Telephone Company, Inc.,
Nebraska Central Telephone Company,
Northeast Nebraska Telephone Company,
Rock County Telephone Company,
Stanton Telecom Inc., and
Three River Telco

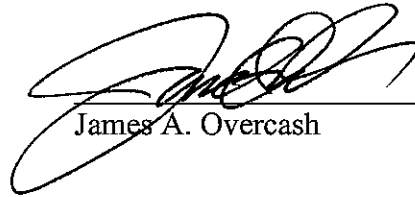
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CERTIFICATE OF SERVICE

The original and five copies of the foregoing Comments of the Rural Independent Companies was hand delivered on May 29, 2007, to the Nebraska Public Service Commission, 1200 N Street, Suite 300, Lincoln, Nebraska 68508, with copies of such Comments mailed by first class mail, postage prepaid on the same date to:

Nebraska Public Service Commission
Shanicee L. Knutson
300 The Atrium, 1200 N Street
Lincoln, NE 68508



James A. Overcash